

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 14 December 2023 at 7.30 pm.

Present: Councillors R. Biggs (Leader), V. H. Lewanski (Deputy Leader), H. Avery, A. King, J. P. King, R. Michalowski, N. C. Moses and C. M. Neame.

Also present: Councillors M. S. Blacker, N. D. Harrison, S. A. Kulka, M. Smith and S. T. Walsh.

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ashford.

42. MINUTES

The Minutes of the previous meeting on 16 November 2023 were agreed.

43. DECLARATIONS OF INTEREST

There were no Declarations of Interest given.

44. RESPONSE TO PETITION: RE-OPEN PUBLIC CONVENIENCES IN REIGATE AND BANSTEAD BOROUGH PARKS

Executive Member for Commercial and Community Assets, Councillor Andrew King, gave the Executive's response to the petition. At full Council in September, a petition was debated regarding the provision of public toilets in three of the Council's parks. It had been resolved to refer the petition to the Executive for consideration.

The report set out details of that petition and contextual information regarding existing and proposed toilet provision in the three parks as well as details of other public toilets in the vicinity.

Taking into consideration the provision of the existing level of public toilet provision, it was not proposed to install any new public toilets and amend the existing provision.

The Leader noted that temporary toilets had been put in place until the renovated cafes reopened with new toilets, therefore toilet provision in the parks had continued. It was important to note that the Council was providing these services where other Councils had ceased to provide them. New facilities have also been provided in developments like The Rise in Redhill. There needed to be provision but at an affordable cost to the Council.

It was noted that the petitioner was unable to attend the meeting.

Visiting Members made the following observations:

- They noted provision in Redhill, Reigate and in Merstham as part of the updated cafés. There was concern about Lady Neville Park as the nearest public toilets were a long walk away, therefore this needed further consideration.
- Alternative provision of toilets in Redhill was questioned, as the toilets set out in the report were some distance when walking from Memorial Park. There was also a question on equity comparing provision in Redhill to Reigate. Members asked for assurance that in future there would continue to be provision of public conveniences if there was any break in the letting of the cafes.

The Leader clarified that in Redhill Park, the separation of the café and toilets was not possible because of how the building was constructed and there was no separate access to the toilets without going through the cafe. There were toilets in Redhill Park at the moment with the Big Top pantomime taking place in Redhill and also temporary toilets in Reigate Park. Noted the request to confirm whether it would be possible to access the toilets from the outside in the new Merstham facility but also noted the need to balance this with the security as well as the additional considerable costs. The average cost of maintaining a public toilet is between £40,000 to £80,000 a year, representing about 3 to 4 per cent of the Council tax bill alone to provide in all parks.

The Property Manager confirmed that the distances were set out in the report to highlight the distance of Council-operated public toilets from the parks.

The Leader confirmed that it had been possible to open the café in Redhill because staff from the Harlequin were available to be redeployed to the café while staffing the Big Top Panto.

RESOLVED that the Executive:

i) Considers the information presented in this report and confirms that no changes will be made to public convenience provision in the borough

45. OBSERVATIONS ON BUDGET PROPOSALS 2024/25 - BUDGET SCRUTINY PANEL REPORT

The Deputy Leader and Portfolio Holder for Finance, Governance and Organisation, Councillor Lewinski, introduced the item on observations of the Budget proposals 2024/25 from Overview and Scrutiny Committee on 7 December 2023. He summarised that the O&S Budget Scrutiny Panel found the Budget proposals to be sound and robust. Credit was given to the Chief Finance Officer and the Finance Team for their work on the proposals this year. There was some more information to come which would come with the Government local government finance settlement announcement that was due before Christmas.

Councillor Harrison spoke in his capacity as the Chair of the Overview and Scrutiny Committee. The following points were highlighted:

- Changes to the local Council Tax scheme are to be paid for by premiums on vacant properties which was supported by the Committee.

- The local government finance settlement was due before Christmas which will be considered with the final budget changes at the January meeting of Overview and Scrutiny Committee.
- The proposed savings will not have a significant impact on service delivery.
- There was discussion on inflation assumptions and the Council's Commercial Strategy.
- Members were advised that the staff pay offer for 2024/25 had been accepted.
- The housing benefit funding shortfall was being met by a one-off withdrawal from reserves.

In conclusion, the report was judged as acceptable and the final position would be reviewed in January.

Visiting Members to Executive made the following comments:

- The Government's **Resources and Waste Strategy** meant that rollout of recycling needs to be completed to all properties by the end of next year. There was disappointment that there were no plans indicated in the draft budget proposals as how this will be achieved next year.

The Leader noted that the first item would be picked up in the Review of the Council's Environmental Strategy. The Managing Director noted that the Government's new Strategy on waste had only recently been published. Officers were consulting with the Portfolio Holder in order to plan to address the new requirements. Due to timing announcement, it was anticipated that a separate report would be brought forward to deliver the new legislation and confirm the budget implications.

- A number of items in the **Capital Programme** were brought forward from previous years. There was a request to set out those items that have been delayed and how these will be taken forward. For example, the environmental sustainability retrofit of the Council's buildings. Councillor Lewanski explained that the future spending forecast would be reviewed with budget holders, when preparing the final budget proposals.

A Visiting Member reinforced the point on the Capital Programme and the items that were previously budgeted but had not yet been delivered. Concern was expressed that further detail was required.

- **Update on the Harlequin theatre in Redhill** and the situation with regard to insurance following discovery of RAAC concrete.

The Leader clarified that there is no date yet to carry out the intrusive survey. The Managing Director advised that discussions were taking place with more information to be provided as this became available. It was confirmed that the Council owns the freehold of the Harlequin.

RESOLVED that the Executive:

Note the following observations and Recommendations from the Budget Scrutiny Panel that in response to the Service and Financial Planning 2024/25 report and supporting documents to Executive on 16 November 2023, that:

- (i) The national and local policy context (Annex 1) and significant financial uncertainties at this stage in the budget-setting process were noted, along with the associated uncertainties and risks.**
- (ii) The service proposals set out in this report which seek to respond to this context and deliver our corporate priorities, be noted.**
- (iii) The draft service business plans for 2024/25 to 2026/27 be noted.**
- (iv) The Panel tested the explanations in the Budget report for year on year changes in the revenue budget (savings, income and growth) in the context of the actual expenditure for the previous year and current year in respect to the services to be provided.**
- (v) The Panel found the Budget proposals to be reasonable and in relation to the budget consultation and subject to the outstanding issues and risks commented on below, the Panel considered the following to be achievable, realistic, and based on sound financial practices:**
 - a. Medium Term Financial Plan Forecasts and proposed actions to address the forecast Revenue Budget gap (Annex 2);**
 - b. Service Revenue Budget growth proposals totalling £0.943 million, savings of (£1.719) million and additional income of (£0.540) million (Annex 3);**
 - c. Continued funding support for Banstead Commons Conservators for a further three years (2024/25 to 2026/27);**
 - d. Central Revenue Budget savings and growth proposals totalling (£0.376) million, and £1.75m provision for the 2024/25 pay award (Annex 3);**
 - e. Agreement of a new 10 year Section 136 agreement with Horley Town Council;**
 - f. Revenue Issues, Risks and Opportunities totalling £0.964 million, to be funded from earmarked Reserves as necessary;**
 - g. Revenue Reserve Balances at 1 April 2023 of £35.474 million (Annex 6.1); and**
 - h. A forecast balanced Revenue budget for 2024/25, subject to final confirmation of the outstanding items.**
- (vi) The Capital Programme Growth proposals totalling £3.175 million (Annex 4) was reviewed. (This is revised down from the original £3.986 million)**
- (vii) The Fees & Charges Policy (Annex 5) was noted.**
- (viii) The Reserves Policy (Annex 6.2) was noted.**
- (ix) The Panel supported the following changes to the Local Council Tax Support Scheme to be adopted from 2024/25:**

- a. **Removal of the maximum award of 90% Council Tax liability for 1,800 households and increasing the award to 100%;**
 - b. **Removal of the minimum requirement for a household to qualify for £5 per week before support is provided;**
 - c. **Expansion of support awards to cover full Council Tax liability for residents in Bands F to H;**
- (x) The Panel supported the following changes Council Tax premiums on empty properties to be adopted from 2024/25:**
 - a. **Removal of the empty homes discount of 28-days where a property becomes empty and unfurnished;**
 - b. **For empty and furnished second homes – charge 200% council tax after the first 12 months; and**
 - c. **For long-term empty properties – commence charging the 100% premium after 12 months.**
- (xi) The Panel noted that the proposals at recommendation (x) would fund the proposals at recommendations at (ix)**
- (xii) The Panel noted that assumptions and individual budgets were to be reconsidered following the December Government financial settlement announcement; consequently, the Panel did not draw a final conclusion on the overall Budget proposals for 2024/25. The Panel looks to receive an update on these items in January. Besides Government funding, the principal areas of uncertainty and risk are: homeless support/ temporary accommodation, housing benefit subsidy, recycle income/costs and the Government's proposals for resources and waste; the Harlequin/RAAC, and final confirmation of other grants received.**
- (xiii) The changes made in the final Budget 2024/25 proposals to Executive on 1 February will also be an agenda item for discussion at Overview and Scrutiny Committee on 25 January 2024.**
- (xiv) The Panel noted that the proposed savings were not expected to have a significant impact on service scope or quality.**
- (xv) The Panel expressed concerns about general inflationary pressures in the UK economy – 10% in the previous year and currently 6%, well above the Bank of England 2% target, and suggested this may put further upward pressures on the cost of goods and services and the annual pay award.**
- (xvi) The Panel noted that for several years, the Council has been pursuing its Commercial Strategy to help address budget gaps in future years, as Government funding is further reduced. It noted that additional income from The Rise is included in the revenue budget, with potential for further increases when all units are fully let. Furthermore, Government guidance and experience elsewhere means that the Council is cautious about further expansion of commercial activity. The**

Panel noted that the Commercial Strategy was now more focussed on generating income through the Council's areas of strength, such as service provision, rather than investment in commercial assets. It was noted that outside of The Rise, there are not yet specific proposals for additional revenue in development for 2025/26 and beyond.

(xvii) The Panel noted that the use of earmarked reserves, to fund housing benefit shortfalls, could only be a one-off action and not a permanent solution.

(xviii) The Panel noted that in the Financial Accounts, a £1.1million provision has been made for credit loss with regard to the investment in Pathway for Care. This would be funded from the Commercial Risks and Volatility Reserve.

The Panel thanked the Portfolio Holder and officers for the substantial work in preparing the Budget 2023/24 report and for the written responses to the 82 advance questions from Members.

46. COMMERCIAL STRATEGY PROGRESS UPDATE 2023

Executive Member for Commercial and Community Assets, Councillor Andrew King, gave an overview of the report which was the second annual update on the Council's Commercial Strategy. Part 1 was agreed in November 2020 and Part 2 in December 2021.

This gave an overview of the changing context in which the Council operates and its influence on commercial activities. National guidance and controls on commercial activity by local authorities now more closely steer the available investment approaches. There is an increased emphasis on ensuring that investment and commercial activities should directly serve Councils' role in benefiting their local areas.

For this Council, this renewed emphasis aligns with its wider objectives and principles. As set out in the report, consideration of commercial matters is now primarily taking place within the context of the Council's Financial Sustainability Programme, updates on which are provided as part of quarterly reporting to this committee and the Executive.

In terms of this year's activity, the Council's commercial activity can be broken down into two main areas – commercial assets and commercial services. Progress this year has continued to be positive, with achievements including:

- The completion of The Rise development at Marketfield Way, with more information provided in the parallel report to this committee;
- A contribution of an additional £700k towards the revenue budget from Council property assets; and
- Additional income of nearly £540k from planned updates to fees and charges.

Work is also continuing on other elements, with improvements now made to property reporting, a review of potentially underutilised assets underway and

consideration being given to a framework for future development activities. There is also note of the approval of acquisition of additional temporary and emergency accommodation, which will both improve the service the Council can offer and reduce costs associated with relying on external provision.

As set out in the previous annual report, there has been a move away from the use of company structures to support commercial activities, with potential company structures around housing activity and revenues and benefits work no longer viewed as required. More information on existing companies is available in the Winter 2023 Companies Performance Update considered by the Partner, Shareholder and Trustee Executive Sub-Committee. Work on improvements to contract management and procurement is also continuing, with more information provided in an annex to the Q2 Internal Audit progress report considered by the Audit Committee.

This report was considered by the Overview and Scrutiny Committee, who did not make any specific observations.

RESOLVED – that the Executive:

- (i) **Notes the Commercial Strategy Annual Progress Report at Annex 1, along with any observations of the Overview and Scrutiny Committee and agrees it for publication on the Council’s website.**

47. PROCUREMENT OF GENERAL AND CAPITAL BUILDING WORKS CONTRACTS

Executive Member for Commercial and Community Assets, Councillor Andrew King, introduced the report that recommends the award of two new contracts; one for planned and reactive property maintenance work and the other for capital building works.

The remit of the previous contract has been extended to cover recently acquired housing properties as well as some of the commercial portfolio for which the Council has repairing liability. The capital building works contract is a new contract required to ensure that the Council can be more responsive in arranging building works or alterations to buildings, primarily for the commercial property portfolio.

The commercial property market is highly competitive at present, and this means that alterations, sustainability improvements and other works are often necessary to prepare a property for market or to retain existing tenants. Procuring the capital building works contract will help to minimise void periods. Also, both contracts will ensure that the Council achieves value for money for repair, maintenance and other work required to Council-owned property.

The financial implications of the contracts were set out in the exempt report at Part 2 of the agenda. The expenditure will be accommodated within existing revenue and capital programme budgets.

There were no further questions from Executive Members.

A Visiting Member asked a question about environmental sustainability considerations and sought assurance that through the tendering process best

practice would be followed, for example, when replacing plant to introduce insulation and other environmental improvements.

The Leader confirmed that this would be explored wherever possible.

There was no discussion on the Exempt Part 2 report.

RESOLVED – that the Executive approve:

- i. **The award of a three year contract to Bennetts Builders Limited as the provider of general building works (planned preventative maintenance) from 1 March 2023 to 31 February 2026, as set out in the exempt report in Part 2 of this agenda.**
- ii. **The award of a three year contract to SW Nichols Limited as the provider of capital building works from 1 March 2023 to 31 February 2026, as set out in the exempt report in Part 2 of this agenda.**

48. QUARTER 2 2023/24 PERFORMANCE REPORT

The Executive Member for Corporate Policy and Resources, Councillor James King, introduced the report that provided the Executive with an update on the Council's performance up to the end of Quarter 2 (July to September 2023).

Of the 10 key performance indicators reported on in Q2, eight were on target or within the agreed tolerance. Two indicators were off-target and outside of the agreed tolerance, which were:

- **KPI 6** – net housing completions, and;
- **KPI 7** – affordable housing completions.

Additional detail was provided in the report available at Annex 1.

The report was considered by the Overview and Scrutiny Committee at its meeting on Thursday 7 December. The Committee made no formal observations to the Executive, though some advanced questions were asked, and comments made which were captured in the minutes of the meeting and published as an Addendum.

There were no further questions from Executive Members or Visiting Members.

Deputy Leader and Executive Member for Finance, Governance and Organisation, Councillor Lewanski, then introduced the financial elements of the performance report. This gave the Council's Revenue and Capital Budget position for Quarter 2 to 30 September. It also included an update on the quarter's treasury management activities.

Revenue Budget

At Quarter 2 the projected full year outturn is £21.911m against a management budget of £23.194m resulting in an underspend for the year of £1.283m (5.5%). Details of the more significant budget variances were set out in the report. At this stage in the year there were no significant areas of concern, but further work was being carried out to look into the adverse variances.

Capital Programme

The full year Capital Programme forecast at the end of Quarter 2 of £27.074m was 26% below the approved Programme for the year. The variance was predominantly as a result of £9.752m slippage. The reasons for the slippage at this stage was primarily because of updated forecasts of the time required to deliver the larger programmes. Capital spending plans were based on information available at the start of 2023 and, six months later, some timescales had been revised.

It was confirmed that the balance of the £30.0 million that was previously approved for investment in Housing schemes remains available but not yet committed.

Treasury Management

The report included Annex 5.1 which provided an update on treasury management performance to the end of September. It confirms that treasury activities are in line with the Strategy that Council approved in July and that was reported to O&S and Executive in June following a Member briefing with our treasury advisors Arlingclose. The return on investments continued to outperform similar authorities and this was a key factor contributing to the favourable revenue budget outturn forecasts.

The report also set out the current position with regard to the Council's non-treasury (company) investments. These investments were explained in more depth in the Companies Performance Update report later in the agenda pack.

Strategic Financial Risks

Executive noted that feedback was provided at the previous week's Audit Committee where Members asked questions about Strategic Risk 1 (Financial Sustainability) and whether the Council should now revise the RAG rating for that Risk to amber from red in light of the forecast balanced budget for next year.

Councillor Lewanski advised Executive this this would be considered when reviewing risks at the end of Quarter 3. The Council, however, does need to be mindful that SR2 focuses on the medium term, as well as the immediate future, and looking ahead the prospects for local government funding remain uncertain.

Overview & Scrutiny Committee comments

The comments from Overview & Scrutiny Committee on 7 December 2023 which were published as an Addendum draft minute were noted. Councillor Harrison reported that O&S had looked at the individual items in the Budget review and the positive and negative variances in detail. The Committee was satisfied with what they had reviewed.

RESOLVED – that the Executive:

- (i) Notes the Key Performance Indicators for Q2 2023/24 as detailed in the report and Annex 1;**
- (ii) Notes the Revenue Budget and Capital Programme forecasts for Q2 2023/24 as detailed in the report and Annexes 2 and 3;**

(iii) Notes the Quarter 2 Treasury Management Performance Update for 2023/24 at Annex 5.

49. RISK MANAGEMENT - Q2 2023/24

The Executive Member for Corporate Policy and Resources, Councillor James King, gave an overview of the report which updates the Executive on risk management in Quarter 2 – July to September 2023.

In Quarter 2, no new strategic risks were identified, and no strategic risks recommended for closure. At the end of the quarter, there was one red rated operational risk, the detail of which is set out in the Part 2 exempt annex.

This report was considered by the Audit Committee at its meeting on Wednesday 6 December. The Audit Committee made one observation to be considered by the Executive, concerning SR2 – ‘commercial investment’. In summary, a Substitute Committee Member commented they found it difficult to support an amber (as opposed to red) rating for this risk.

The risk scoring had been reviewed by officers and is felt to be appropriate at this time. However this risk – as with all strategic risks – will continue to be kept under review and any changes reported quarterly.

Councillor Harrison clarified that he was the Member at the Audit Committee meeting who had found it hard to accept SR2 (Commercial investment) as amber and not red. He had also considered that SR3 (Challenging economic conditions for residents and businesses) should be reported as amber and not red as it had fewer direct consequences on the Council.

There was no discussion of the Exempt item.

RESOLVED – that the Executive:

(i) Notes the Q2 2023/24 update on risk management provided in the report.

50. MARKETFIELD WAY UPDATE - DECEMBER 2023

Executive Member for Place, Planning and Regulatory Services, Councillor Michalowski, gave an update on progress to deliver the Marketfield Way project in Redhill since it was last considered by Executive in December 2019.

An Exempt Addendum to the report included some minor amendments to the Part 2 Exempt report to incorporate recent feedback from the Overview and Scrutiny Committee.

Acting as developer, over the last four years the Council had overcome numerous challenges to bring this project forward to get to this stage. The most significant challenge was the huge uncertainty brought about by the pandemic. This resulted in the Council not being able to secure early pre lets on any of the commercial space, the loss of the initial cinema operator, and complex logistical challenges to ensure safe working on site.

While there was a fixed rate contract when changes were made, this resulted in cost increases due to high build cost inflation not only because of the pandemic but also due to the crisis in Ukraine. The development also faced complex engineering challenges including the relocation of an electricity sub-station and statutory services and the build over of a large public sewer.

These factors ultimately resulted in delay and consequential cost increases for the project. The pandemic and the cost-of-living crisis also resulted in much more uncertainty for prospective tenants and brought about less rental income than originally forecast.

Despite these challenges, the main build has now been completed. The residential part has been sold by the Council to a private sector partner. Over 70% of the commercial floorspace has been let, with deals being secured on the three remaining units.

The new development, The Rise, is now well and truly open for business, welcoming thousands of people every day. It is also already home to over 100 people, who benefit from living at the heart of Redhill town centre, with its excellent transport links.

This Council's commitment to the project and its investment has made a palpable difference to the regeneration of Redhill, in line with the Council's Corporate objectives. In summary:

- The Rise has become a leisure destination, alongside the Harlequin, with a forecast 400,000 visitors to The Light this year.
- Surveys show that people love the new leisure facilities, and they are telling their friends and family.
- Footfall in the town is substantially up, bucking national trends.
- More people are visiting the town from a wider catchment area.
- More people are staying longer; and
- Businesses report that trade is up, with more money ringing in their tills.

As a local ward councillor and the Portfolio Holder, Councillor Michalowski thanked both past and current Members and officers of this Council, as well as the local community for their continued support in bringing this project forward and making a real difference to the lives of residents and businesses.

The Leader emphasised the huge difference the development had made to the Redhill area. It had increased the night-time economy, with The Light bringing more than just a cinema to the town. Regeneration and added social value had been achieved. It was a fantastic asset that belonged to the Council and to residents of the borough for years to come. Congratulations were given to the Members and officers for this success and getting it over the finishing line.

Visiting Members particularly thanked the Head of Place Delivery, Peter Boarder, who had worked tirelessly on the project and seen it to completion. The project showed the Council was prepared to invest in its assets in the Borough as a way of generating revenue. Other comments included:

- The success in increasing the number of visitors and the footfall to the town.

- Residents thanked officers for the timely work to replace some of the granite paving.

Councillor Harrison, in his capacity as the Chair of Overview & Scrutiny Committee, said that the improvements in Redhill had been noted as well as the difficulties of carrying out the project during the Covid-19 pandemic.

The Committee agreed to move into Exempt Part 2 session. Following discussion in Part 2, the meeting returned to the public session and it was:

RESOLVED - that Executive:

- (i) **Note the progress that has been made to deliver Stage 4 of the project, in relation to scheme implementation, construction, residential sale and commercial lettings;**
- (ii) **Note the initial economic, social and environmental benefits that have been derived;**
- (iii) **Note the details set out in the Part 2 report;**
- (iv) **Authorise the Head of Place Delivery, in consultation with the Leader, Deputy Leader and Executive Member for Finance & Governance, Executive Member for Place, Planning & Regulatory Services and Chief Finance Officer to settle the final account with the Council's contractor VINCI Construction UK in line with the recommendations set out in Part 2 of this report;**
- (v) **Approve the inclusion of £4,297,682 million Capital Programme growth for completion of the development, funded from prudential borrowing, in the final budget report to Executive on 1 February 2024.**

51. REPLACEMENT OF LEASED COMPACT ROAD SWEEPERS

The Executive Member, Councillor Avery, introduced the report on the replacement of leased compact road sweepers to consider and approve the award of a four-year lease contract to Karcher UK Limited to supply four compact road sweepers. The Council currently operates 4 leased compact road sweepers, and their lease is due to end in January 2024. The lease agreement was for a four-year period from January 2024 to January 2028.

The current road sweepers are four years old and becoming unreliable, often breaking down due to their age and the nature of work that they carry out. Replacement of the sweepers is necessary to ensure that reliable and legally compliant vehicles remain available to support ongoing service delivery. The benefits included:

1. Entering into a new lease to allow for the continuation of the service, maintaining the cleanliness of paths, pavements and pedestrianised areas throughout the Borough.
2. The new machines can be fuelled with Hydrotreated Vegetable Oil (HVO), reducing the Council's carbon emissions.

These recommendations also support the Council's statutory obligation to clean and maintain the Borough's town centres and public areas.

There were no comments from Executive Members.

Visiting Members made the following observations:

- Members questioned whether the switch to HVO would reduce carbon emissions, what would it achieve and was it worth doing this currently with the additional costs.
The Leader responded that these street sweepers could run on both diesel and HVO with diesel used until the switch was made. There was information to indicate potential for a significant reduction in carbon emissions when using HVO. This issue could be addressed at a separate time.
- Members asked if there was a break clause within the four-year contract and was there an intention to use them with HVO fuel in future and from what date?

Portfolio Holder, Councillor Avery, responded that the street sweepers were compatible with HVO and that it was intended to operate them with HVO, but not immediately.

The Executive agreed to move to Exempt Part 2 session to consider the Exempt report.

Following discussion, the Committee returned to the public session of the meeting, and it was:

RESOLVED – that the Executive:

- (i) **Approves the award of a four-year lease contract to Karcher UK Limited to supply four compact road sweepers. Contract to run from January 2024 to January 2028.**

52. OPTIONS FOR THE REDUCTION IN CARBON EMISSIONS FROM THE COUNCIL'S FLEET OF DIESEL POWERED VEHICLES

The Executive Member for Neighbourhood Services, Councillor Avery, gave an overview of the report which asked Members to consider and approve options for the reduction in carbon emissions from the council's fleet of diesel-powered vehicles. The Council currently operates 129 vehicles or plant, 115 which are operated using diesel fuel.

The key proposals were:

- To increase the capital fleet replacement budget to enable the purchase of one Electric-powered refuse collection vehicle, by £250,000;
- To delegate authority to the Head of Neighbourhood Operations, in consultation with Executive Members to enter into a procurement process for the electric refuse collection vehicles and three other diesel-powered dustcarts, which are at the end of their serviceable life.
- A switch from powering our Refuse Collection vehicles from diesel to Hydrotreated Vegetable Oil commonly referred to as HVO.

Operating the vehicle fleet makes a substantial contribution to the Council's carbon emissions. The purchase of one electric refuse collection vehicle (RCV) as part of its ongoing fleet replacement programme represents a measured approach to beginning the transition to low carbon RCVs, whilst recognising the relatively high cost of these vehicles.

The use of HVO in operating the refuse collection vehicle fleet provides a cost-effective means of reducing carbon emissions until such time as these existing RCV vehicles can be replaced with low carbon alternatives. The benefits include:

1. A reduction in the overall council's operational carbon emissions of 25%.
2. A reduction in the refuse collection vehicle fleet's carbon emissions of 76%.

These recommendations align with the Council's Environmental Sustainability Strategy that commits the authority to work towards a target of net zero operational carbon emissions by 2030. The report contained more detail about the financial implications, sustainability and other benefits of the proposals and how the proposals will be implemented and associated risks mitigated.

The Head of Corporate Policy, Performance and Projects commented on the benefits of HVO being a recognised way of reducing carbon emissions from fleet vehicles. Paragraph 18 in the report details how the carbon reduction figures have been calculated. It is an interim measure until other options are available.

Visiting Members asked the following questions:

- Electric RCVs Vehicles are already on the market so are there other options available. Was it about the level of risk appetite to recommend one rather than three?
- Where is the Hydrotreated Vegetable Oil (HVO) sourced and can the Council guarantee the provenance. Can details be published on the Council's website?
- Whether hybrid vehicles were available until fully electric versions are available that include an electric lift and compressor.

The Leader stated that cost was a key factor as electric RCVs are twice the cost of the diesel alternative while hydrogen-powered vehicles are three times the cost. The recommendation in the report was to procure one electric RCV for garden waste rather than three in order to test the charging infrastructure. The Council was taking a cautious approach to what was relatively new technology. The Council cannot further delay the replacement of the other two additional diesel powered RCVs as they are at the end of their serviceable life.

Officers confirmed that all suppliers that were approached, audited the provenance and carbon footprint of the supply of HVO, from the source of the oil through to delivery, and the carbon emissions of each process.

Executive Member for Neighbourhood Services, Councillor Avery, explained that this report was a first step in using an electric RCV in order to collect garden waste to give real world practical experience so that use of RCVs can then be expanded throughout the fleet. The recommendation was based on

a single bodied RCV which can be used for garden waste. There is not a suitable electric twin bodied RCV available. Officers confirmed that the bin lifters on all the vehicles purchased in 2020 and 2021 were electric therefore a form of hybrid service was in operation already.

- Members asked for clarification on the ongoing cost implications of an electric RCV compared to diesel. It was also requested that the supporting business case be shared.
- Members also asked whether the HVO is sourced from the UK or imported from overseas and its provenance.

Officers confirmed that there was not currently sufficient HVO being manufactured in the UK currently and it would therefore be imported from Europe with a guarantee that there will be no rape seed or virgin oil used. It will be recycled oil from the food industries and other industries. Officers confirmed that vehicles can be switched back to diesel from HVO if there are any issues, without any impact or alterations required.

The financial implications set out in the report were discussed. These included revenue and capital budget impacts. Current forecasts showed that it costs slightly more to charge electric vehicles compared to diesel fuel.

- Members asked about the planned programme for vehicle replacement and when more vehicles would be procured in future. It was confirmed that an outline of the programme was set out in Table 3 of the report on p247.
- The expense of electric vehicles and of the cost of vehicle recovery when the battery fails or when a vehicle breaks down was noted.

The Leader noted that all these were important steps forward to meet the Council's Environmental Strategy and goals.

RESOLVED – that the Executive:

- (i) Approve the inclusion of £0.250million Capital Programme growth for the purchase of one electric refuse collection vehicle, funded from prudential borrowing, in the final budget report to Executive on 1 February 2024.**
- (ii) Agree to delegate authority to award the vehicle supply contract(s) for the four refuse collection vehicles identified for replacement in 2023/24 (one EV garden waste vehicle, two diesel garden waste vehicles and one split body waste & recycling vehicle) to the Head of Neighbourhood Services in consultation with the Chief Finance Officer, the Executive Member for Neighbourhood Services and the Executive Member for Finance, Government & Organisation; following the undertaking of a procurement exercise in line with the Council's Contract Procedure Rules.**
- (iii) Endorse the transition of the existing diesel refuse collection vehicle fleet to run on Hydrotreated Vegetable Oil, noting the financial**

implications that were included within the draft budget proposals reported to Executive on 16 November 2023.

53. STATEMENTS

There were no Statements given at the meeting.

The Leader wished all Members and officers a happy Christmas and New Year. He thanked them for all their work on reports to Executive through the year.

54. ANY OTHER URGENT BUSINESS

There was no other urgent business to discuss.

55. EXEMPT BUSINESS

RESOLVED – that the Executive agreed that:

Members of the Press and public be excluded from the meeting for the following items of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i) It involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and**
- ii) The public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

There was discussion in Exempt Part 2 sessions on Item 10 – Marketfield Way Update – December 2023 and Item 11 – Replacement of leased compact road sweepers which are set out in the Exempt Minutes.

The Meeting closed at 9.22 pm